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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000661

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DEPARTMENT FOR EUR/CARC AND INR (SEWARD)

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TAGS: [PGOV AM](#)

SUBJECT: "PROSPEROUS ARMENIA" - OLIGARCH'S NEW PARTY  
GATHERING STEAM

Classified By: DCM A.F.Godfrey for Reason 1.4 (b,d)

Summary

1. (C) The political grouping "Prosperous Armenia" is gathering steam and is expected to be one of the most important factors as the political season heats up. Its leader, the business tycoon Gagik Tsarukyan, has declared that his goal is to support financially a group of professional legislators so they might focus on their work, rather than on using their position to make money. He intends to rely on his uncanny business sense to choose his team, but is waiting until the political chessboard is more set before making his moves. Tsarukyan's motives are questioned by many in Armenia's elite. His personal style, which would make Donald Trump look like an ascetic, certainly adds flavor to the Yerevan political scene. End Summary.

"Prosperous Armenia" Gaining Ground

2. (C) Gagik Tsarukyan is, without doubt, one of the most colorful figures in Armenia's political landscape. A powerful oligarch with business interests in a variety of fields, Tsarukyan had, until relatively recently, kept out of politics (even though he is an MP). While his political grouping "Prosperous Armenia" was officially registered as a political party in 2004, it is only in the past six months that it is shouldering its way to the forefront as one of the likely centers of power in the run-up to parliamentary elections in 2007. Tsarukyan is detested by many in Armenia's elite for his provincial, anti-intellectual approach (not to mention a Soviet-era rape conviction), but his success has popular appeal. Tsarukyan acknowledges his shortcomings and told us told us that he plans to bring together "real smart people" to help write his party's platform and take the lead in government. His role, he said, was to support (bankroll) the effort and keep to the background.

Lunch with "Dodi Gago"

3. (C) Known universally -- except perhaps to his face -- as "Dodi Gago" (loosely translated as "Gary the Dummy"), Gagik Tsarukyan got his start in 1989 in the food processing

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industry; his "Multi Group" is still anchored in this sector.

Relying in part on protected monopolies, Multi Group owns the Kotayk Brewery, a cement plant, a natural gas distributorship and several other profitable firms, most notably the prestigious Noy Brandy Factory. Tsarukyan is also a sportsman, of a sort. He was the 1993 world heavyweight champion in arm wrestling and, judging by his looks, could still be a strong contender. Tsarukyan recently took over the chairmanship of Armenia's Olympic Committee and is funneling his own cash toward establishing new training facilities and hiring high-end foreign coaches and offering more than half a million dollars to each athlete who brings home a gold medal. Like almost all of Armenia's top oligarchs, Tsarukyan is a member of parliament, although he is seldom seen at sessions.

4. (C) Tsarukyan rarely attends public functions of which he is not in control and even more rarely agrees to meetings with foreigners. With the decision in late 2005 to move forward with the "Prosperous Armenia" movement, he is starting to get out more and recently agreed to have lunch with the British and U.S. DCMs in Yerevan. Tsarukyan insisted, however, on hosting the luncheon at his estate, a sprawling complex of buildings on several acres to the north of Yerevan, crowned by an over-the-top mansion on a hill.

5. (C) Tsarukyan met us as we drove up, dressed in jeans and a sweater. Fifty years old with a ready, broad grin, Tsarukyan still had the build of a powerlifter and would tip

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the scales at well over 250 pounds. Before sitting down to lunch, Tsarukyan led us on a brief tour of his menagerie,

which includes breeding pairs of several animals on Armenia's list of native endangered species. Tsarukyan was most proud of his lion, the symbol of Multi Group and a collection of enormous Caucasian shepherd dogs, which reportedly win most of the invitation-only dogfights attended by Armenia's rich and infamous. Lunch was course after course of grilled meats washed down with a surprisingly indifferent eighty-year-old wine which his firm found in the ruined cellars of the Noy brandy factory when they began restoration work. Silverware was optional.

#### Prosperous Armenia Attracting Quality Legislators

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16. (C) With Tsarukyan was Viktor Dallakian, still officially a member of the opposition Justice Bloc of MPs, but also well-established as the brain trust of Prosperous Armenia. Dallakian is currently serving his third term in Armenia's parliament and is a prolific drafter of reform-oriented legislation. Tsarukyan was convincing as he explained his reasons for launching his movement. Too many Armenian MPs are in parliament only for what they could get out of it. He hoped to create a new class of legislator not dependent on graft for their livelihood. With his own fortune secure enough to provide for his heirs and then some, Tsarukyan sought to take money out of politics by putting some more in.

17. (C) Prosperous Armenia's party platform was written by a committee headed by Dallakian. Political observers consider it a balanced, pro-business plan with new ideas to ensure that all of Armenia's businesses pay their fair share of taxes. Tsarukyan said that regardless of the results, he would not seek a senior position in government; he may choose not even to take a seat in the next parliament. He sheepishly admitted to his absenteeism from the current National Assembly, saying that "Tsarukyan is not the kind of man who presses buttons."

18. (C) While Prosperous Armenia was officially founded nearly two years ago, Tsarukyan is in no hurry to name its official board. He told us he would wait for the political situation to become more settled and then begin to assemble allies. Board members would not necessarily serve as members of the National Assembly, he claimed. Tsarukyan hoped to attract jurists, academics and civic leaders to become part of Armenia's first professional parliament. We told him that it sounded to us that Prosperous Armenia sought to install an obedient caucus so the board could influence legislation without the nuisance of showing up to sessions. Tsarukyan insisted that once elected, MPs could vote their consciences; the Board would have little means to sway them.

#### Comment

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19. (C) Whether we like him or not, Tsarukyan will almost certainly be a serious player in Armenian politics after the next election. It would probably be relatively easy for him to put together a group of oligarchs similar to those who already take up most of the majoritarian seats in the current parliament, but that would mean very little change from the self-interested, unprofessional parliament Armenia now has. Much more difficult -- and perhaps impossible -- would be for him to establish Prosperous Armenia as an issue-based caucus in the next parliament.

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